

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MICHIGAN**

In Re:

DIS TRANSPORTATION, LLC

Debtor.

Chapter 11

Case No: 20-03408

Hon. Scott W. Dales

Filed On: November 10, 2020

**DEBTOR'S MOTION TO APPROVE
POST-PETITION ACCOUNTS RECEIVABLE FINANCING**

NOW COMES Debtor, DIS Transportation, by and through its attorneys, Chase Bylenga Hulst, PLLC, and files its *Motion to Approve Post-Petition Accounts Receivable Financing* (the "Motion"), and in support of its Motion states as follows:

JURISDICTION

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334.
2. This matter is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2).
3. Venue of this proceeding and the motion in this District is proper under 11 U.S.C. §§ 1408 and 1409.

BACKGROUND

4. On November 10, 2020 ("Petition Date"), Debtor filed for protection under Chapter 11, Subchapter V, Small Business Debtor Reorganization, of the United States Bankruptcy Code ("Bankruptcy Code"). Debtor filed this Motion as soon as practical after the Petition Date.
5. Debtor continues to operate its business and manage its financial affairs as a debtor-in-possession pursuant to § 1107(a) and § 1108 of the Bankruptcy Code.

6. Prior to the Petition Date, Compass Funding Solutions (hereafter, “Compass”) and the Debtor entered into an Accounts Receivable Factoring Agreement, a true and correct copy of which is attached hereto. ***See Exhibit A.***
7. Pursuant to the Financing Agreement, Compass agreed to provide accounts receivable financing, on a yearly basis. Compass’s decision to purchase an invoice and the Debtor’s decision to sell an invoice is at arm’s length and at each party’s sole discretion. Upon the sale of each invoice, Compass advances to the Debtor 95% of the face value of each invoice.
8. To continue its operations and maintain its cash flow, the Debtor requires accounts receivable financing. The Debtor’s broker typically pays for completed deliveries within 7 to 30 days, while the Debtor pays their drivers on a weekly basis.
9. Thus, factoring allows the Debtor to access a significant portion of its accounts receivable in a short period of time and the balance upon payment from the broker. Without this account receivable financing, the Debtor will lack access to sufficient working capital to maintain business in the ordinary course.
10. The Debtor is unable to obtain financing on more favorable terms from sources other than Compass. Compass is, therefore, vital to the Debtors continued post-petition business operations.
11. Compass maintains a properly perfected, all assets, UCC-1 financing statement against Debtor’s assets.
12. Pursuant to 11 U.S.C. § 364 and Rule 4001 of the Federal Rules of Bankruptcy Procedure, the Court may authorize the obtaining of credit. In the event the Debtor does not obtain post-petition accounts receivable financing, it will not have the available funds with which

to continue business operations. Accordingly, the Debtor respectfully submits that obtaining post-petition financing is necessary in order to avoid immediate and irreparable harm to the Debtor.

13. The Debtor submits that the proposed financing is in the best interest of the estate and its creditors, given the fact that the Debtor does not have the ability to obtain other financing elsewhere. The Debtor submits that the estate could not obtain more favorable financing than that which is proposed in the time frame required to ensure uninterrupted cash flow.

RELIEF REQUESTED

WHEREFORE, Debtor respectfully requests that the Court enter an order, substantially in the form attached as **Exhibit B**, granting the relief requested herein and such other and further relief as it deems just and proper.

Respectfully submitted,

CHASE BYLENGA HULST, PLLC

Dated: November 10, 2020

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